

**NATIONAL DAIRY MARKET AT A GLANCE****CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (07/13):**

**BUTTER:** Grade AA closed at \$1.7600. The weekly average for Grade AA is \$1.8200 (-.1450).

**CHEESE:** Barrels closed at \$1.6325 and blocks at \$1.6700. The weekly average for barrels is \$1.6310 (+.0035) and blocks, \$1.6700 (N.C.).

**NONFAT DRY MILK:** Extra Grade closed at \$1.0300 and Grade A closed at \$1.0000. The weekly average for Extra Grade is \$1.0300 (N.C.) and Grade A, \$1.0160 (-.0240).

**BUTTER:** Butter markets are weak. Many producers and handlers feel that the current weakening trend may be short lived. Some are voicing mixed opinions as to the influences of the July butter futures deliveries and butter stock levels may be having on the cash price decline. Churning activities are seasonally lighter in most areas of the country. Cream demand from ice cream plants remains excellent, which is limiting churning. Overall butter demand during the week was fair at best. Some buyers continue to assess inventories following the 4th of July holiday before re-ordering, while others are holding off placing orders due to the weakness of the market.

**CHEESE:** The cheese market is steady. Most current cheese offerings are at least adequate for needs. Most buyers are still limiting purchases to short term needs and orders are generally fair at best. Some distributors are indicating demand may have slowed due to price resistance. Many cutters and/or processors have line time available if orders improve. Recent bouts of heat and humidity have reduced plant milk receipts and cheese production. Cheese yields are at low summer levels due to reduced fat and protein levels.

**FLUID MILK:** Milk output throughout the country is falling along seasonal patterns. Heat and humidity have been commonplace from California to New England. Along with the declining milk output, fat and protein levels in the incoming milk are seasonally low. Some milk is starting to move greater distances to fill Class I needs. Many milk contracts begin July 1, but some buyers are being allowed to delay shipments until they need the milk. Others are taking some of their loads. Florida, a large milk-importing state, is expected to begin buying milk in the next week or two. Nationally, bottled milk sales are slow to, at best, fair. Surplus milk volumes are light and easily cleared. Fluid cream sales are seasonally brisk and supplies range from tight to adequate. With recent declines in the CME butter price, some cream buyers are showing renewed interest.

**DRY PRODUCTS:** The NDM market remains unsettled. Lower prices in the West are putting downward pressure on prices being offered in other

regions. CCC continues to purchase Western-made powder. Domestic demand is steady, but more buyers are taking a wait and see posture and purchasing on an as needed basis until the market settles down. The NDM market is anxiously waiting the announcement of the 2001-02 DEIP allocations. The dry whey market is little changed. Prices are mixed in the West, unchanged in the East and Midwest. Production is light to moderate and many Eastern and Midwestern producers report tight stocks or being sold out for the next several months. The lactose market is firm despite unchanged prices. The WPC market is cautiously steady. Feed users, traders, and producers are waiting to see the most recent awards in CCC's sellback of NDM for animal feed.

**CCC:** During the week of July 9 - 13, CCC adjusted purchases totaled 10,415,439 pounds of Western nonfortified NDM.

**ANNOUNCEMENT OF CCC SELL BACK OF NDM FOR ANIMAL FEED (FSA):** The Kansas City Commodity Office announced that contracts were awarded under invitation 011 to announcement RSC1 for the sale of 1,163,881 pounds of NDM for restricted use at prices ranging \$ .6190 - .7210 per pound. No further offers under invitation 011 will be considered. The offering under invitation 011 was for 3,939,988 pounds.

**FEBRUARY MAILBOX MILK PRICES (DAIRY PROGRAMS):** In February 2001, mailbox milk prices reported for selected reporting areas in Federal milk orders averaged \$12.91 per cwt., \$0.05 less than the revised figure for the previous month. On an individual reporting area basis, mailbox price changes were mixed, increasing in 8 areas and decreasing in 8 areas. Mailbox prices ranged from \$15.90 in Florida to \$11.44 in Utah.

**JULY MILK SUPPLY AND DEMAND ESTIMATES (USDA, WAOB):** Milk production growth continues to be constrained by the lack of recovery in milk per cow. Although high milk prices are slowing the decline in cow numbers, the rate of recovery in productivity has been weaker than previously expected. Thus, milk production forecasts are reduced from last month with milk production lowered 200 million pounds for 2000/01 and 100 million pounds for 2001/02. Continued tight milk supplies are expected to provide additional support to prices. The forecast 2000/01 Class III price is little changed this month at \$12.10-\$12.20 per cwt. However, the Class IV price is raised to \$13.70-\$13.90. The all milk price is forecast to be \$14.40-\$14.50, slightly higher than last month. The projected Class III price in 2001/02 is raised as product prices are expected to remain firm into the first part of the year, while the all milk price is forecast at \$13.65-\$14.55.

\*\*\*\*SPECIALS THIS ISSUE\*\*\*\*

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**CHICAGO MERCANTILE EXCHANGE  
CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY JULY 9	TUESDAY JULY 10	WEDNESDAY JULY 11	THURSDAY JULY 12	FRIDAY JULY 13	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.6300 (N.C.)	\$1.6275 (-.0025)	\$1.6325 (+.0050)	\$1.6325 (N.C.)	\$1.6325 (N.C.)	(+.0025)	\$1.6310 (+.0035)
40# BLOCKS	\$1.6700 (N.C.)	\$1.6700 (N.C.)	\$1.6700 (N.C.)	\$1.6700 (N.C.)	\$1.6700 (N.C.)	(N.C.)	\$1.6700 (N.C.)
NONFAT DRY MILK							
EXTRA GRADE	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	(N.C.)	\$1.0300 (N.C.)
GRADE A	\$1.0200 (-.0200)	\$1.0200 (N.C.)	\$1.0200 (N.C.)	\$1.0200 (N.C.)	\$1.0000 (-.0200)	(-.0400)	\$1.0160 (-.0240)
BUTTER							
GRADE AA	\$1.9000 (-.0400)	----	\$1.8000 (-.1000)	----	\$1.7600 (-.0400)	(-.1800)	\$1.8200 (-.1450)

\*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at [WWW.AMS.USDA.GOV/MARKETNEWS.HTM](http://WWW.AMS.USDA.GOV/MARKETNEWS.HTM)

## CHICAGO MERCANTILE EXCHANGE

MONDAY, JULY 9, 2001

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR GRADE A @ \$1.0200

BUTTER -- SALES: 6 CARS GRADE AA: 2 @ \$1.8900, 1 @ \$1.8875, 1 @ \$1.9000, 1 @ \$1.8975, 1 @ \$1.9000; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 13 CARS GRADE AA: 2 @ \$1.9200, 1 @ \$1.9225, 2 @ \$1.9250, 1 @ \$1.9300, 1 @ \$1.9350, 2 @ \$1.9375, 2 @ \$1.9400, 1 @ \$1.9500, 1 @ \$1.9900

TUESDAY, JULY 10, 2001

CHEESE -- SALES: 1 CAR 40# BLOCKS @ \$1.6700; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.6275

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, JULY 11, 2001

CHEESE -- SALES: 1 CAR BARRELS @ \$1.6325; 4 CARS 40# BLOCKS: 1 @ \$1.6675, 1 @ \$1.6700, 1 @ \$1.6675, 1 @ \$1.6700; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER -- SALES: 32 CARS GRADE AA: 1 @ \$1.8000, 1 @ \$1.8025, 3 @ \$1.8050, 2 @ \$1.8025, 1 @ \$1.7975, 4 @ \$1.8000, 1 @ \$1.7975, 1 @ \$1.8000, 1 @ \$1.7975, 5 @ \$1.7000, 1 @ \$1.7600, 2 @ \$1.7000, 1 @ \$1.7600, 1 @ \$1.7500, 2 @ \$1.7600, 1 @ \$1.7500, 1 @ \$1.7900, 1 @ \$1.8000, 1 @ \$1.7900, 1 @ \$1.8000; BIDS UNFILLED: 3 CARS GRADE AA: 1 @ \$1.7900, 1 @ \$1.7300, 1 @ \$1.7000; OFFERS UNCOVERED: 17 CARS GRADE AA: 1 @ \$1.8575, 1 @ \$1.8600, 2 @ \$1.8800, 1 @ \$1.8850, 2 @ \$1.8900, 10 @ \$1.9000

THURSDAY, JULY 12, 2001

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, JULY 13, 2001

CHEESE -- SALES: 2 CARS 40# BLOCKS: 1 @ \$1.6650, 1 @ \$1.6700; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.6700

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR GRADE A @ \$1.0000

BUTTER -- SALES: 27 CARS GRADE AA: 1 @ \$1.7900, 1 @ \$1.7300, 1 @ \$1.7100, 1 @ \$1.7025, 5 @ \$1.7000, 1 @ \$1.6900, 1 @ \$1.6800, 1 @ \$1.6700, 1 @ \$1.6600, 1 @ \$1.6500, 1 @ \$1.7300, 1 @ \$1.7200, 5 @ \$1.7000, 1 @ \$1.7025, 1 @ \$1.7900, 1 @ \$1.7875, 1 @ \$1.7900, 2 @ \$1.7600; BIDS UNFILLED: 13 CARS GRADE AA: 1 @ \$1.7500, 1 @ \$1.7025, 5 @ \$1.7000, 1 @ \$1.6925, 1 @ \$1.6500, 1 @ \$1.6400, 1 @ \$1.6300, 1 @ \$1.6200, 1 @ \$1.6000; OFFERS UNCOVERED: 2 CARS GRADE AA: 1 @ \$1.8000, 1 @ \$1.8500

## BUTTER MARKETS

## NORTHEAST

The market tone is unsettled to weaker. At the CME, the butter price has fallen eleven cents in the last four trading sessions (through 7/9). In the East, churning activity is light. Cream stocks are tightening along seasonal patterns, but many butter makers are filling packaged butter orders by microfixing bulk. Also, bulk butter continues to arrive from Western producers. This does free up more fluid cream to be sold in Class II and III channels. Retail demand for print butter is slow. Food service orders are steady. Butter production during May in the North Atlantic region totaled 15.75 million pounds, 17.4% more than May 2000 and 18.8% higher than April 2001. Sales of bulk butter, f.o.b. East, are reported in a range of 3.5 – 8.0 cents over the CME price/average.

## CENTRAL

Butter markets are unsettled. Producers and handlers are voicing mixed opinions as to butter stock levels which many feel are influencing the cash price decline. For the most part, stocks have leveled week on week, trailing the past two years at this time but are well ahead of 1998 levels. Churning schedules are mixed depending on cream availability and pricing. Typical summer temperatures prevailed in the Midwestern part of the country during the week. Ice cream sales have been strong and so is ice cream production. Due to the midweek 4th of July holiday last week, some additional cream became available to butter producers. Outside of this additional offering, cream supplies are

tight. Overall butter demand is fair at best. Orders this week are slow in developing as buyers assess holiday inventory carryover before reordering. Some retail buyers are indicating that firm retail prices are slowing sales. Food service orders are seasonally fair for this time of the summer. When available, bulk butter for spot sale is selling in a price range of 3 – 5 cents per pound over various pricing bases, although most producers and handlers continue to hold stocks with confidence.

## WEST

Last week's holiday did not generate much additional milk or cream for processing by butter manufacturers. This was as expected. Cream demand from ice cream plants remains excellent, which is limiting churning at some locations. Butter prices have fallen 21 cents in the last five trading sessions. Because of this, some bulk buyers are taking more of a wait and see attitude about future and current purchases. Some believe that prices could decline further. Most also believe that prices are likely to rebound again later this summer. Print orders remain good for the summer season. Weekly CME butter stocks declined for the second consecutive week. They were off about 80,000 pounds this past week and stand at 75.3 million pounds. Last year this week they were 97.1 million pounds and in 1999 they were 78.3 million pounds. Current prices for bulk butter nominally range from 3 cents under to flat market based on the CME with various time frames and averages involved.

**NASS DAIRY PRODUCT PRICES**  
U.S. AVERAGE AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 38% MOISTURE			
JULY 7	1.6492 7,385,343	1.6251 8,553,198	0.9763 17,077,716	1.9671 2,644,402	0.2880 8,299,293

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

## CHEESE MARKETS

## NORTHEAST

Prices are up again this week. For process items, the price rebounded the amount they dropped last week. The market tone is firm, but unsettled. The rates of price increases at the CME have slowed. Buyers, not sure if prices have "topped out" or may still increase, are cautious in their ordering. With respect to inventories, most are staying as current as they can. Cheese output in the East is slowing as milk supplies tighten seasonally. Recent hot weather in the Northeast has slowed milk production and affected yields. Demand for cheese ranges from fairly good for food service to slow at retail. During May, cheddar cheese production in the Atlantic region totaled 14.97 million pounds, 4.9% less than May 2000, but 3.7% more than April 2001. For the same region, mozzarella output totaled 48.70 million pounds, 21.5% less than last May, but 5.2% more than April 2001.

WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.7150-2.1850
Cheddar Single Daisies	:	1.6725-2.1325
Cheddar 40# Block	:	1.8100-1.9925
Process 5# Loaf	:	1.8375-2.0000
Process 5# Sliced	:	1.8575-2.1175
Muenster	:	1.8750-2.0825
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

## MIDWEST

The cheese market is steady, though with an unsettled undertone. Some traders remember that about a year ago, cash cheese prices at the Chicago Mercantile Exchange declined before recovering after several weeks. Current cheese demand is generally fair at best. Most interest continues to center on short-term needs. A few extra spot loads are available at the plant level, but few if any operators are "pushing the panic button". The slowdown in orders is keeping more than a few cutters and/or processors with "cushion" on a 40-hour workweek and the holiday last week caused no real hardship. Those firms with government cheese contracts for the new year (July 1 - June 30) are utilizing some of the extra line time available. Most experienced traders feel that as milk production declines further and as Southern milk needs increase as schools reopen for the new year, current cheese production will decline. Cheese yields are at low, summer levels with a couple reports of even below normal yields that may be perhaps feed related. Plant operators with extra milk to sell are generally able to secure a good premium for this time of year.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.8475-2.0200
Brick And/Or Muenster 5#	:	1.9900-2.2650
Cheddar 40# Block	:	1.9800-2.1150
Monterey Jack 10#	:	2.1400-2.2925
Blue 5#	:	2.4100-2.6100
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	2.0000-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.4000-2.6850

## MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),  
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	JULY 9 - 13, 2001
BARRELS*	:	\$1.6275 - 1.6425 (NOMINAL)
	:	(\$0.0350) (.0025)
40# BLOCKS	:	\$1.6700 - 1.7000 (NOMINAL)
	:	(\$0.0025) (.0025)

( ) Change from previous week. \* If steel, barrel returned.

## WEST

Processed cheese items regained exactly the amount they lost last week and natural prices held steady. Mixed opinions abound on what direction things may move next. Overall milk production may be the key as to how the fall shapes up. Some contacts believe that prices may have some room to firm this fall. Number one quality blocks are moving well with good quality barrels in tight supply. However, processing solids need to be discounted quite a bit to interest buyers. Some report additional loads of mozzarella are beginning to show up on the market and take a few calls to clear. Other reports indicate very good Swiss sales. Swiss cheese is in good balance to tight. Very little additional milk showed up due to the holiday last week. The high temperatures last week did take off the top end of milk production over much of the region.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND  
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.7775-2.0375
Cheddar 40# Block	:	1.7900-1.9525
Cheddar 10# Cuts	:	1.9700-2.1900
Monterey Jack 10#	:	1.9800-2.1400
Grade A Swiss Cuts 6 - 9#	:	2.3500-2.5400

## FOREIGN

Prices for domestic styles moved fractionally higher. The market tone is seasonally weak. However, the demand for imported processing solids remains quite good. In the EU, the cheese market is firm and prices are moving higher. The improving demand for cheese has more milk moving to cheese output. For the first quarter of 2001, cheese output in the EU rose approximately 5% from the same time period last year. How long this increasing cheese production trend will continue is in question. For the first four months of this year, milk output in the EU-15 is below year earlier levels and expected to remain below 2000's output for most of 2001.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK  
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: TFEWR	: -0-
Blue	: 2.6400-3.1400	: 2.0175-3.5125*
Gorgonzola	: 3.2400-5.9400	: 2.4900-3.5850*
Parmesan (Italy)	: TFEWR	: 3.4325-3.4575*
Romano (Italy)	: 2.1000-2.9900	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 2.0250-2.2450*
Romano (Cows Milk)	: -0-	: 3.2075-5.3850*
Sardo Romano (Argentina)	: 2.6500-3.2900	: -0-
Reggianito (Argentina)	: 2.6500-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7400-3.5900	: -0-
Swiss Cuts Switzerland	: -0-	: 2.3500-2.5500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.0900	: -0-
Gouda, Large	: 2.3900-2.6800	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

\* = Price change.

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS  
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

		BUTTER	CHEESE
07/09/01	41,916	:	131,832
07/01/01	42,110	:	133,513
CHANGE	-194	:	-1,681
% CHANGE	N.C.	:	-1

## FLUID MILK AND CREAM

## E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	15	0	70	0	0
SOUTHEAST STATES	0	0	0	0	0	0

Milk production continues to decline in nearly all areas of the East. Declines are the sharpest in the Southeast where temperatures and humidity are both in the 90's. Contacts do note that milk output in the Carolinas is holding about steady. Further north, milk output is falling along seasonal patterns. The hot weather continues to adversely impact fat and protein tests on incoming loads. Most manufacturing plants in the East are cutting back on operating schedules because of the falling milk volumes. In the Southeast, a few balancing plants are being shut down and the milk moved to other facilities. Florida handlers expected to be balanced this week, but found that they did need to export about 15 loads. Contacts feel that "things" are turning around and Florida will be importing milk in the next week or two. Bottled milk sales are slow throughout the region. The condensed skim market is little changed, but prices on Class III did move higher at the upper end of the range. Demand for wet solids is steady to slower and some suppliers did make NDM to clear their solids. The fluid cream market is firm. Demand is improved and supplies range from tight to adequate. A few suppliers reported having a little extra cream to move, but most noted a tight supply after midweek. Prices are lower following the drop in last week's average butter price at the CME. Some local butter makers are selling their cream and using storage butter to fill orders. This frees up more fluid cream to move into Class II or III channels. Demand is fair to good. Ice cream production is back to normal schedules following last week's holiday shortened work-week. The hot weather is helping consumption of soft serve mix. However, where temperatures are very high, ice cream sales often suffer because people tend to stay home. Cream cheese sales are about steady, but production is steady to heavier. Bottled cream sales are about steady.

## FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

## SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	2.5742-2.7117
DELIVERED EQUIVALENT ATLANTA	-	2.5152-2.6724 M 2.5545-2
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	2.5545-2.6921

## PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- 1.0500-1.1500
NORTHEAST- CLASS III - SPOT PRICES	- .8000-.9900

## M I D W E S T

Class I interest is steady at low summer levels, though occasionally stimulated by retail feature activity. Users and/or handlers from other parts of the country have been inquiring about possible supplemental milk supplies for later summer and fall needs. Currently, a couple reports suggest that Florida may need supplemental milk in a couple of weeks, but that could change quickly. Most plant operating schedules remain lighter than a year ago. Manufacturing milk demand remains strong for the limited supplies and prices were little changed. Reported prices range from a small load at \$1.25 to \$2.20 over, mainly \$1.75 - \$2.00. Another bout of heat (90's) and humidity returned to the upper part of the region early in the week and most plant milk receipts trended lower. Fat and protein levels on incoming milk volumes are also steady to lower. A few plant operators compared data to last year and component levels were a bit lower this year, perhaps due to lower quality feed. Though temperatures moderated by midweek, the plant

intakes had yet to rebound. Somatic cell counts were declining as wet conditions abate. Cream demand remains seasonally good and multiples are little changed. Occasionally, ice cream interest is softer than a year ago. Class II condensed skim prices are \$1.09 - 1.1275. Dry conditions continue to prevail through much of Minnesota and Wisconsin after the recent May - June "monsoon" period. Crop stress due to the lack of rain is increasing, especially on sandier soils.

## WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JULY 5 - 11	PREVIOUS YEAR
SLAUGHTER COWS	\$ 42.00- 48.50	\$ 39.00- 45.50
REPLACEMENT HEIFER CALVES	\$350.00-480.00	\$275.00-370.00

## SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	JULY 5 - 11	PREVIOUS YEAR
SLAUGHTER COWS	\$ 45.00- 52.00	\$ 36.00- 48.50

## W E S T

The August Class 1 prices in California range from \$17.05 in the north to \$17.32 in the south. The statewide average Class 1 price based on production is \$17.10. The average is \$0.03 higher than July and \$3.11 higher than August 2000. Weather conditions were more moderate this week in the Southwest. In California, milk volumes and tests were lower following the effects of heat and humidity last week. Some processors reported milk down from 2 to 5%. Some recovery was noted this week. Processors were pleased that there were not energy issues with the hotter temperatures. Cheese producers in the state were seeking more milk. Replacement heifer prices continue to be high and milk producers are traveling far to find heifers. Alfalfa prices are trending higher and supplies of good quality dairy-type hay are tight. Buyers are looking to other regions for supplies. New Mexico milk volumes remain seasonally high and handlers are still working hard to find homes for the milk. Production is trending lower seasonally, but added cows in the state are creating additional milk volumes at levels above last year. Conditions in Arizona are more moderate, but production continues to be lower than a year ago. Production per cow is not at levels desired and remains affected by recent adverse weather conditions. Cream prices remain unsettled this week as a result of the declines in the butter market at the CME. Butter makers are not eager to store butter in this unsettled market and are trying to sell cream. More in-state sales of cream were noted in California. Western multiples remain in the 120 to 132 range, FOB, but will change because of the falling butter market. Conditions have generally been dry and warm in the Pacific Northwest. The stress on dairy herds has been moderate and the peak is now probably past. Tests on incoming loads of milk are decreasing. Manufacturing plants are operating on reduced schedules. Hay prices continue to show some strength with quality on the low side for dairy hay. Heifer prices continue to firm at auctions around the region. Availability is sharply lower. Producers are questioning whether these good milk prices will lead to much more milk or not. The fire season is starting with a vengeance with fire fighter fatalities reported this week. Very little additional milk appeared over the holiday week looking for a home last week. This was not unexpected. Last week's record setting temperatures have given way to much more moderate temperatures this week. Some areas did see quite a reduction in milk receipts due to the increased stress. Some canal organizations are beginning to implement shut down procedures for the season. Most harvested yields are much below normal levels. Quality is fair. Enough rain fell in the Front Range to help out in the short run. Pasture and range conditions in seven selected Western states for last week indicate that almost 40% of pastures and rangeland are rated as very poor or poor. The California report indicates 70% in that category.

**CENTRAL AND WEST DRY MILK PRODUCTS**

All reports, except California manufacturing plants, were released 07/12/01 and represent FOB Central and Western production areas. Prices represent CL/TL quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

**NONFAT DRY MILK - CENTRAL**

Prices are lower and the market tone is steady to weak. Early in the week, some firms were able to maintain prices from the week prior. However by the end of the week, more negotiations trended lower and prices shifted accordingly. Market changes are generally in response to heavy sales of Western NDM into the CCC. As these sales continue, Western prices are moving lower and becoming more competitive with Central supplies. Spot interest is light as buyers speculate further price declines. Movement is best on regular commitments and Grade A product. Production is mostly steady with no supply increases anticipated until the warm weather dissipates. High heat demand remains strong and production schedules are unchanged. Mostly prices reported for report 28 in 2000 were 1.0100 - 1.0200.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: .9700 - 1.0650 MOSTLY: .9800 - 1.0250

**DRY BUTTERMILK - CENTRAL**

Prices are unchanged and nominal on a mostly steady market. Manufacturers continue to report supply shortages and firm markets while buyers speculate price declines in response to lower NDM markets. Ice cream production continues seasonally strong, encouraging good condensed buttermilk movement. Drying schedules are light. Some firms that have shut down operations are not intending on drying again until late fall. Resale movement is lighter than the week prior. Prices reported for report 28 in 2000 were .9575 - 1.0075.

BUTTERMILK: 1.0550 - 1.1400

**DRY WHEY - CENTRAL**

Prices are unchanged on an unsettled market. Most manufacturers continue to report tight supplies. Direct sales are nominal and resale trades are light. Unconfirmed offers into the West at prices below the range are being reported. Buyer price resistance is being noted yet resale trades are moving as much as 2 cents over the average. Feed buyers are offering excess supplies at a loss to traders and considering on enacting contractual clauses whereby committed purchases can be refused at a cost to the buyer. Many feed buyers are looking to lactose and permeate to defray the cost of whey. Production is mostly steady. Plants are not anticipating any supply increases until summer temperatures dissipate and milk production increases. However, from the buyer perspective, lower butter prices should encourage more milk movement into cheese and thereby increase whey supplies. Mostly prices for report 28 in 2000 were .1950 - .2000.

NONHYGROSCOPIC: .2900 - .3075 MOSTLY: .2925 - .2975

**ANIMAL FEED WHEY - CENTRAL**

Prices are unchanged and nominal on a generally steady market. Milk replacer supplies are light. Similar to the Extra Grade product, milk replacer whey is often too expensive for the buyer interest. Roller ground demand and production remain unchanged. Delactose supplies are tight with most manufacturers unable to satisfy any additional interest. Production is steady to lower as some plants reduce production schedules in the warmer summer temperatures. Some buyers are suggesting that the CCC sell back will encourage lower delactose prices. Producers state that significant declines in the WPC market would be required before any changes in delactose prices would be warranted. Prices for report 28 in 2000 on milk replacer, roller ground and delactose were .1500 - .1900, .1800 - .1950, and .3700 - .4000 respectively.

MILK REPLACER: .2500 - .2850

ROLLER GROUND: .2800 - .3075

DELACTOSE (Min. 20% protein): .4150 - .4300

**LACTOSE - CENTRAL AND WEST**

Prices are unchanged on a firm market. Contract prices for the 3rd quarter are mostly complete. Inquiries persist from Korea, Japan, Mexico and China. Buyer interest is often deterred by the current higher prices. However, supplies are generally tight, encouraging some spot trading into domestic and export end user plants. Lactose is often directly competitive with permeate into feed facilities. Off grade lactose interest is strong as feed buyers attempt to reduce the cost of whey by instead substituting lactose. Production is mostly steady. Mostly prices for report 28 in 2000 were .1725 - .1825.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1750 - .2575 MOSTLY: .1950 - .2200

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices are unchanged and nominal on a cautiously steady market. Buyers, traders and sellers continue to await the CCC NDM sell back announcement to be made at 4 P.M. CST 7/12/01. Some bids reported vary greatly at prices close to the previously accepted bid of .7050 and as low as .4500. Preemptory thoughts regarding the impact of the sell back are highly speculative. Production is generally steady with good condensed movement into ice cream facilities. Offerings are increasing with discounting noted. However, trading is extremely light until further price discovery can be noted via the sell back. Mostly prices for report 28 in 2000 were .7725 - .7925.

EXTRA GRADE 34% PROTEIN: .7600 - .8250 MOSTLY: .7900 - .8000

**NONFAT DRY MILK - WEST**

The low/medium heat price series is mostly steady. However, several producers in the region have dropped spot prices this week to keep current product moving. These lower transactions are reflected in the mostly price series. Sales to the CCC under the price support program remain active this week at prices of 89.5 and 90 cents per pound. Production levels are reported to be lower due to declining milk receipts and more milk being moved to cheese plants. The trade is still awaiting news on the new DEIP-year announcement. There are concerns about how the current pricing levels will affect volumes and bonuses. High heat prices are lower and remain nominal. Spot trades are limited. There is high heat available, but interest is generally limited to contracts. During the week of July 2 - 6, CCC purchased 7.0 million pounds of Western nonfortified NDM.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .8950 - 1.0250 MOSTLY: .9400 - .9700

HIGH HEAT: .9900 - 1.0500

**DRY BUTTERMILK - WEST**

Prices and the market tone are steady. The complex is lightly tested with limited spot demand reported. Likewise, spot offerings are few from producers in the region. Production levels have been lower recently as more cream is being moved to ice cream markets. The trend is expected to continue seasonally and especially as the butter price has retreated over the last few weeks. Dry buttermilk stocks are often moving lower.

BUTTERMILK: 1.0400 - 1.1000 MOSTLY: 1.0500 - 1.0800

**DRY WHEY - WEST**

Prices are somewhat mixed for Western whey this week. Prices higher and lower are both noted. The general tone remains firm though some people feel the need to discount slightly. Stocks are generally in close balance and some orders are being delayed up to four weeks before powder is available. Production is trending lower over much of the region. Recent heat stress is taking off the top end of milk output across most of the region. Little additional milk is available for purchase. Domestic demand is generally rated as good. Some additional price resistance is noted for some export sales.

NONHYGROSCOPIC: .2550 - .2850 MOSTLY: .2625 - .2775

**CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK**

WEEK ENDING	PRICE	POUNDS
July 6	\$ .9571	10,122,463
June 29	\$ .9893	7,850,715

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

## NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities for domestic and export sales in 25 kg. or 50 lb. bags, and totes, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

## NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

The market tone remains unsettled. Eastern prices are steady and nominal. However, there is growing resistance to current Eastern prices. More buyers/traders are taking advantage of the current, relatively low prices in the West. Western NDM can be purchased and shipped across the country at considerable savings to most Eastern prices. This is product outside the purview of the national marketing agency that is holding to its pricing schedules. Eastern producers reported making a little more powder this week, but stocks are still light for this time of year. However, with sluggish demand, stocks are not always clearing as quickly as some makers would like. Demand for NDM is steady at best. Users are aware that prices are moving lower on the West Coast and trying to stay as current as possible. Also, exporters are waiting for the allocations for the new DEIP to be announced.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: 1.0300 - 1.0900 MOSTLY: 1.0350 - 1.0550

HIGH HEAT: 1.0575 - 1.1100 MOSTLY: 1.0625 - 1.0825

DELVD SOUTHEAST:

ALL HEATS: 1.0600 - 1.1500

## DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are nominal and unchanged. The market tone is about steady. Churning activity continues to be lighter than expected as butter makers are using more inventoried butter to fill needs. This frees up fluid cream for sale, but does curtail churning and buttermilk output. Producer stocks are closely balanced. Demand for both condensed and dry buttermilk is mostly steady.

F.O.B. NORTHEAST: 1.0450 - 1.0600

DELVD SOUTHEAST: 1.0850 - 1.1550

## DRY WHOLE MILK - NATIONAL

Prices are steady and nominal. However, some changes within the range are noted as the CME butter price moved lower during the past week or two. Production is light and without orders, producers are not making dry whole milk. Plant stocks are limited, but not problem since there is little spot demand.

F.O.B. PRODUCING PLANT: 1.4650 - 1.6000

## DRY WHEY - NORTHEAST AND SOUTHEAST

The market tone remains firm and prices are steady. Eastern prices remain nominal. Production levels are lighter as surplus milk supplies are seasonally low. Most producers have cut back on operating schedules to accommodate their declining milk receipts. Dry whey stocks are tight in the East and most producers report being sold out for most of the summer. Based on current output and order in hand, many will not be caught up until fall. Those producers with an occasional spot load to offer have no difficulty clearing it/them at normal premiums. Demand is fair to good and mostly contractual. Few spot loads are being reported and those that are often resales.

F.O.B. NORTHEAST: EXTRA GRADE .2950 - .3000

USPH GRADE A .2900 - .3100

DELVD SOUTHEAST: .3175 - .3425

## EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. However, some producers are trying to selectively move prices higher as early-year contracts come to an end and new ones are negotiated. Making it difficult for some producers to raise prices is the fact that others are aggressively trying to regain market share by holding prices. In light of rising milk prices, maintaining evaporated milk prices is very attractive to buyers. Production levels are steady. Although milk volumes are currently adequate, the summer heat and dwindling milk output may reduce volumes available to evaporated milk makers.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$22.00 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

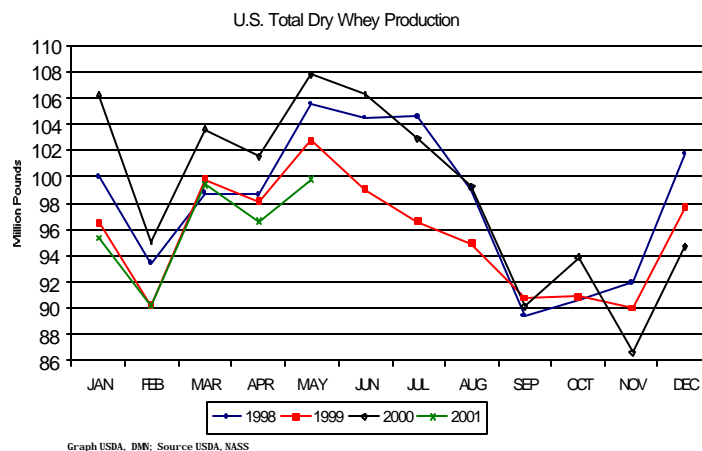
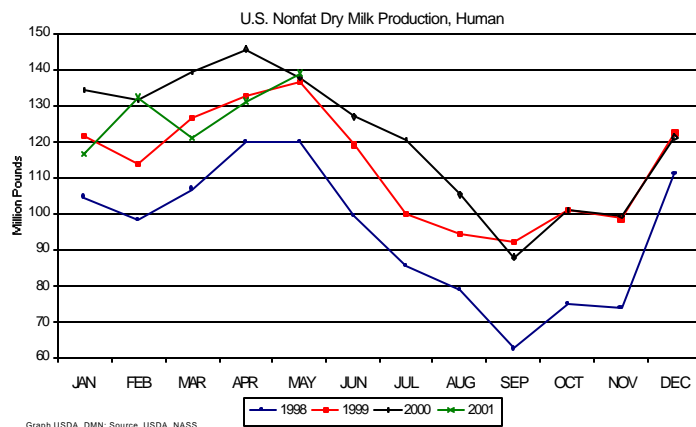
## CASEIN - NATIONAL

Domestic casein prices remain firm. Continued firmness is causing buyers to question how much higher will prices go before alternatives are considered. Some buyers are already reformulating due to limited supplies and firm prices. Stocks of both rennet and acid, although lower than desired, are in better position than earlier anticipated. Some buyers have been able to once again re-establish slight inventories above and beyond current needs.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 2.4500 - 2.7300

ACID: 2.4500 - 2.6500



ANNOUNCED COOPERATIVE CLASS I PRICES IN SELECTED CITIES, JULY 2001, WITH COMPARISONS <sup>1/</sup>												
CITY	JUL 1999			JUL 2000			JUN 2001			JUL 2001		
	Coop.	Federal Order	Differ-ence	Coop.	Federal Order	Differ-ence	Coop.	Federal Order	Differ-ence	Coop.	Federal Order	Differ-ence
	Dollars Per Hundredweight											
Atlanta, GA	15.94	14.34	1.60	16.64	15.56	1.08	18.72	18.09	0.63	19.22	18.44	0.78
Baltimore, MD	15.80	14.29	1.51	16.81	15.46	1.35	19.74	17.99	1.75	19.79	18.34	1.45
Boston, MA **	14.98	14.50	0.48	16.19	15.71	0.48	19.14*	18.24	0.90*	19.49	18.59	0.90
Carbondale, IL	14.98	13.27	1.71	16.37	14.66	1.71	18.90	17.19	1.71	19.25	17.54	1.71
Charlotte, NC	15.94	14.34	1.60	16.64	15.56	1.08	18.72	18.09	0.63	19.22	18.44	0.78
Chicago, IL	14.55	12.66	1.89	16.11	14.26	1.85	18.58	16.79	1.79	18.91	17.14	1.77
Cincinnati, OH	15.07	13.37	1.70	16.38	14.66	1.72	18.92	17.19	1.73	19.32	17.54	1.78
Cleveland, OH	14.76	13.26	1.50	16.08	14.46	1.62	18.72	16.99	1.73	19.12	17.34	1.78
Dallas, TX	15.47	14.42	1.05	16.01	15.46	0.55	17.99	17.99	0.00	18.71	18.34	0.37
Denver, CO	15.74	13.99	1.75	15.66	15.01	0.65	18.24	17.54	0.70	18.59	17.89	0.70
Des Moines, IA	14.11	12.81	1.30	15.30	14.26	1.04	18.00	16.79	1.21	18.35	17.14	1.21
Detroit, MI	14.11	13.11	1.00	15.26	14.26	1.00	17.79	16.79	1.00	18.14	17.14	1.00
Hartford, CT **	14.88	14.40	0.48	16.09	15.61	0.48	19.04*	18.14	0.90*	19.39	18.49	0.90
Houston, TX	16.01	14.96	1.05	16.61	16.06	0.55	18.59	18.59	0.00	19.31	18.94	0.37
Indianapolis, IN	14.71	13.16	1.55	16.18	14.46	1.72	18.72	16.99	1.73	19.12	17.34	1.78
Kansas City, MO	14.43	13.18	1.25	15.40	14.46	0.94	17.95	16.99	0.96	18.55	17.34	1.21
Louisville, KY	14.57	13.37	1.20	15.56	14.66	0.90	18.19	17.19	1.00	18.54	17.54	1.00
Memphis, TN	15.28	14.03	1.25	16.09	15.26	0.83	18.12	17.79	0.33	18.72	18.14	0.58
Miami, FL	18.36	15.44	2.92	19.15	16.76	2.39	21.23	19.29	1.94	21.73	19.64	2.09
Milwaukee, WI	14.46	12.57	1.89	16.06	14.21	1.85	18.68	16.74	1.94	19.01	17.09	1.92
Minneapolis, MN	13.71	12.46	1.25	15.37	14.16	1.21	18.04	16.69	1.35	18.37	17.04	1.33
New Orleans, LA	16.06	14.91	1.15	16.79	16.06	0.73	18.77	18.59	0.18	19.37	18.94	0.43
Oklahoma City, OK	15.28	14.03	1.25	15.86	15.06	0.80	18.39	17.59	0.80	18.74	17.94	0.80
Omaha, NE	14.26	13.01	1.25	15.35	14.31	1.04	18.05	16.84	1.21	18.40	17.19	1.21
Philadelphia, PA	16.38	14.35	2.03	16.98	15.51	1.47	19.91	18.04	1.87	19.96	18.39	1.57
Phoenix, AZ	13.78	13.78	0.00	15.41	14.81	0.60	17.49	17.34	0.15	17.84	17.69	0.15
Pittsburgh, PA	15.07	13.26	1.81	15.86	14.56	1.30	19.29	17.09	2.20	19.34	17.44	1.90
St. Louis, MO	14.98	13.27	1.71	16.17	14.46	1.71	18.70	16.99	1.71	19.05	17.34	1.71
Salt Lake City, UT	13.41	13.16	0.25	14.61	14.36	0.25	17.14	16.89	0.25	17.49	17.24	0.25
Seattle, WA	15.29	13.16	2.13	14.84	14.36	0.48	17.27	16.89	0.38	17.82	17.24	0.58
Spokane, WA	15.29	13.16	2.13	14.84	14.36	0.48	17.27	16.89	0.38	17.82	17.24	0.58
Springfield, MO	14.70	13.45	1.25	15.46	14.66	0.80	17.99	17.19	0.80	18.34	17.54	0.80
Washington, DC	15.80	14.29	1.51	16.81	15.46	1.35	19.74	17.99	1.75	19.79	18.34	1.45
Simple Average	15.10	13.69	1.41	16.03	14.94	1.09	18.55*	17.47	1.08*	18.93	17.82	1.11

\* Revised.

\*\*NOTE: The Northeast Dairy Compact has established a Class I price level of \$16.94. The Compact obligation is \$16.94 less the Federal order Class I price shown for Boston. The effective Class I price level is the Federal order price at location plus the Compact obligation plus the figure shown under the column labeled "Difference". When the Federal order Class I price shown for Boston is higher than the Compact Class I price, the Compact price is not effective.

<sup>1/</sup> Class I prices announced for the beginning of the month by the major cooperative in each city market. These prices may not apply to all of the Class I sales in these city markets. Announced prices may not include handling or service charges applicable to milk from supply plants and competitive credits which may be allowed. These prices have not been verified as having been actually paid by handlers.

## JULY MILK SUPPLY AND DEMAND ESTIMATES\*

Milk production growth continues to be constrained by the lack of recovery in milk per cow. Although high milk prices are slowing the decline in cow numbers, the rate of recovery in productivity has been weaker than previously expected. Thus, milk production forecasts are reduced from last month, with milk production lowered 200 million pounds for 2000/01 and 100 million pounds for 2001/02. Continued tight milk supplies are expected to provide additional support to prices. The forecast 2000/01 Class III price is little changed this month at \$12.10-\$12.20 per cwt. However, the Class IV price is raised to \$13.70-\$13.90 per cwt. The all milk price is forecast to be \$14.40-\$14.50 per cwt., slightly higher than last month. The projected Class III price in 2001/02 is raised as product prices are expected to remain firm into the first part of the year, while the all milk price is forecast at \$13.65-\$14.55 per cwt.

Item	1999/00 1/	2000/01 Projection 1/		2001/02 Projection 1/	
		June	July	June	July
<b>SUPPLY</b>		<b>BILLION POUNDS</b>			
BEGINNING COMMERCIAL STOCKS 2/	7.4	8.9	8.9	7.7	7.7
PRODUCTION	167.4	165.5	165.3	169.2	169.1
FARM USE	1.3	1.3	1.3	1.2	1.2
MARKETINGS	166.1	164.2	164.1	168.0	167.9
IMPORTS 2/	4.6	4.7	4.7	4.7	4.7
TOTAL COMMERCIAL SUPPLY 2/	178.2	177.8	177.7	180.4	180.3
<b>USE</b>					
COMMERCIAL USE 2/ 3/	168.5	169.9	169.7	172.2	172.1
ENDING COMMERCIAL STOCKS 2/	8.9	7.7	7.7	8.0	8.0
CCC NET REMOVALS:					
MILKFAT BASIS 4/	0.8	0.3	0.3	0.2	0.2
SKIM SOLIDS BASIS 4/	8.5	5.8	6.7	1.9	2.1
		<b>DOLLARS PER CWT.</b>			
<b>MILK PRICES 5/</b>					
BASIC FORMULA/CLASS III PRICE 6/	9.99	12.05-12.25	12.10-12.20	11.90-12.90	11.95-12.85
CLASS IV 7/	11.51	13.60-13.90	13.70-13.90	12.15-13.35	12.20-13.30
ALL MILK 8/	12.61	14.25-14.45	14.40-14.50	13.60-14.60	13.65-14.55
		<b>MILLION POUNDS</b>			
<b>CCC PRODUCT NET REMOVALS 4/</b>					
BUTTER	11	0	0	5	5
CHEESE	17	16	16	6	6
NONFAT DRY MILK	690	485	560	155	175
DRY WHOLE MILK	34	3	3	0	0
	QUARTERLY 9/			ANNUAL 9/	
	2001 II	2001 III	2001 IV	2001	2002
<b>MILK PRODUCTION</b>	42.6	40.7	41.1	165.7	169.9
		<b>DOLLARS PER CWT.</b>			
ALL MILK PRICE 5/ 8/	15.33	16.10-16.50	15.90-16.60	15.15-15.45	13.20-14.20
CLASS III PRICE 5/ 6/	13.64	15.00-15.40	13.85-14.55	13.25-13.55	11.60-12.60
CLASS IV PRICE 5/ 7/	14.93	14.70-15.10	13.95-14.65	14.05-14.35	11.85-12.85

NOTE: Totals may not add due to rounding. 1/ Marketing year beginning October 1. 2/ Milk equivalent, milkfat basis. 3/ Includes commercial exports. 4/ Includes products exported under Dairy Export Incentive Program. 5/ Projections indicate a range of the average for the quarter or year. 6/ Basic Formula Price (BFP) through December 31, 1999; Federal milk order Class III price beginning January 1, 2000. 7/ Federal milk order

Class IV price. 8/ Milk of average fat test. Does not reflect any deductions from producers as authorized by legislation. 9/ Calendar year basis projection.

\* The World Agricultural Supply and Demand Estimates were approved by the Interagency Commodity Estimates Committee. The members for Dairy are: Shayle Shagam, Chairperson, WAOB; John Mengel, AMS; Authur Coffing, FAS; James Miller, ERS; and Daniel Colacicco, FSA.

**SOURCE:** "World Agricultural Supply and Demand Estimates," WASDE-375, World Agricultural Outlook Board, USDA, July 11, 2001.



**MAILBOX MILK PRICES FOR SELECTED REPORTING AREAS IN FEDERAL MILK ORDERS  
AND CALIFORNIA, FEBRUARY 2001, WITH COMPARISONS**

Editor's Note: In an effort to provide mailbox price information that we believe would be more meaningful and useful, we have decided to collect and publish such data for reporting areas that are smaller than Federal-milk-order-wide. Included in this report are those areas for which the data were available at press time. Additional areas will be included in future reports.

In February 2001, mailbox milk prices reported for selected reporting areas in Federal milk orders averaged \$12.91 per cwt., \$0.05 less than the revised figure for the previous month. On an individual reporting area basis, mailbox price changes were mixed, increasing in 8 areas and decreasing in 8 areas. Mailbox prices ranged from \$15.90 in Florida to \$11.44 in Utah.

Reporting Area <u>1/</u>	Mailbox Milk Price <u>2/</u>	
	January 2001	February 2001
	<u>Dollars per hundredweight</u>	
Northeast Federal Milk Order	13.19	13.22
Appalachian States <u>3/</u>	14.64*	14.04
Southeast States <u>4/</u>	14.99	14.23
Florida	16.66	15.90
Ohio	13.02	12.75
Michigan	12.85	12.64
Wisconsin	12.38*	12.52
Minnesota	12.33	12.57
Illinois	12.37*	12.35
Corn Belt States <u>5/</u>	12.19	12.25
Western Texas <u>6/</u>	13.12	12.76
New Mexico	12.21	12.01
Idaho	11.14	11.46
Utah	11.37	11.44
Northwest States <u>7/</u>	12.39	12.51
All Federal Order Areas <u>8/</u>	12.96*	12.91
California <u>9/</u>	12.01	12.23

\* Information is revised.

1/ Information is shown for those areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. The price shown is the weighted average of the prices reported for all orders that received milk from the area.

2/ Net pay price received by dairy farmers for milk. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is a weighted average for the reporting area and is reported at the average butterfat test. 3/ Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia. 4/ Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi. 5/ Includes Iowa, Kansas, and Nebraska. 6/ All counties to the west of Fanin, Hunt, Van Zandt, Henderson, Anderson, Houston, Cherokee, Nacogdoches, and Shelby. 7/ Includes Oregon and Washington. 8/ Weighted average of the information for all selected reporting areas in Federal milk orders. 9/ Calculated by California Department of Food and Agriculture, and published in "California Dairy Information Bulletin."

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF JULY 9 - 13, 2001			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES#	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/00	SAME PERIOD LAST YEAR	WEEK ENDING 07/06/01	SAME PERIOD LAST YEAR
<u>BUTTER</u>							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Unsalted	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<u>CHEESE</u>							
Block	-0-	-0-	-0-	3,050,083	1,162,919	-0-	-0-
Barrel	-0-	-0-	-0-	4,025,276	-0-	-0-	-0-
Process	-0-	-0-	-0-	3,999,600	5,583,600	-0-	-0-
TOTAL	-0-	-0-	-0-	11,074,959	6,746,519	-0-	-0-
<u>NONFAT DRY MILK</u>							
Nonfortified	10,415,439	-0-	10,415,439	352,007,957	393,522,509	581,357,000	-0-
Fortified	-0-	-0-	-0-	28,151,091	5,701,908	38,227,000	-0-
TOTAL	10,415,439	-0-	10,415,439	380,159,048	399,224,417	619,584,000	-0-

#Although an uncommitted inventory of NDM has continued to exist for some time, it has not been reported due to CCC's efforts to utilize all NDM purchased under price support.

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF JULY 9 - 13, 2001 =	2.3	121.2	COMPARABLE WEEK IN 2000 =	2.2	115.2
CUMULATIVE SINCE OCTOBER 1, 2000 =	185.9	4,534.7	CUMULATIVE SAME PERIOD LAST YEAR =	150.1	4,713.8
CUMULATIVE JANUARY 1 - JULY 13, 2001 =	69.3	3,052.1	COMPARABLE CALENDAR YEAR 2000 =	138.9	4,120.6

\* Factors used for Fat Solids Basis Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

\*\*Factors used for Skim Solids Basis Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF JULY 9 - 13, 2001 (POUNDS)

	BUTTER			CHEESE			NONFAT DRY MILK	
REGION	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	1,008,882	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	9,406,557	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/00 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
REGION	2000/01	1999/00	2000/01	1999/00	2000/01	1999/00	2000/01	1999/00
MIDWEST	-0-	-0-	5,995,440	6,665,991	6,544,761	44,738,558	30.5	47.6
WEST	-0-	-0-	5,039,919	80,528	373,614,287	349,556,375	69.3	51.7
EAST	-0-	-0-	39,600	-0-	-0-	4,929,484	0.2	0.7
TOTAL	-0-	-0-	11,074,959	6,746,519	380,159,048	399,224,417	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER MAY 31, 2001

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.; 3.5% - \$9.80

BUTTER Bulk \$.8548 per pound; 1# Prints \$.8848

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1839; Process Am. 2# \$1.2239

NONFAT DRY MILK Nonfortified \$.9000 per pound; Fortified \$.9100; Instant \$1.0575

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 06/23/01 & Comparable Week 2000

Regions* (000 HEAD)	U.S. TOTAL										% DAIRY OF ALL	
	1	2	3	4	5	6	7	8	9	10	WEEK SINCE JAN 1	WEEK SINCE JAN 1
2001-Dairy	0.2	0.6	4.7	4.5	17.0	2.0	1.4	0.6	8.6	2.2	41.8	42.2
2000-Dairy	0.2	0.8	5.6	4.9	19.8	2.1	0.7	0.6	9.7	2.7	47.3	47.3
2001-All cows	0.2	0.8	6.3	13.7	24.8	14.8	16.2	4.5	11.7	6.1	99.0	46.0
2000-All cows	0.2	1.0	7.6	14.7	28.6	13.8	13.8	4.0	12.5	6.5	102.8	48.9

SOURCE The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III (2000) AND BFP (1998-99) MILK PRICES, (3.5% BF, \$/CWT. FOR COMPARISON PURPOSES ONLY)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
1998	13.25	13.32	12.81	12.01	10.88	13.10	14.77	14.99	15.10	16.04	16.84	17.34
1999	16.27	10.27	11.62	11.81	11.26	11.42	13.59	15.79	16.26	11.49	9.79	9.63
2000	10.05	9.54	9.54	9.41	9.37	9.46	10.66	10.13	10.76	10.02	8.57	9.37

FEDERAL MILK ORDER CLASS PRICES FOR 2001 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	13.99	11.94	12.65	13.44	14.21	14.99	15.34					
II	12.82	13.43	14.17	15.10	15.72	16.05						
III	9.99	10.27	11.42	12.06	13.83	15.02						
IV	12.13	12.70	13.46	14.41	15.04	15.33						

1/ Specific order differentials to be added to this base price are located at: [www.ams.usda.gov/dairy/mib/class\\_prod\\_milk\\_comp\\_pr.htm](http://www.ams.usda.gov/dairy/mib/class_prod_milk_comp_pr.htm)